C5150-5

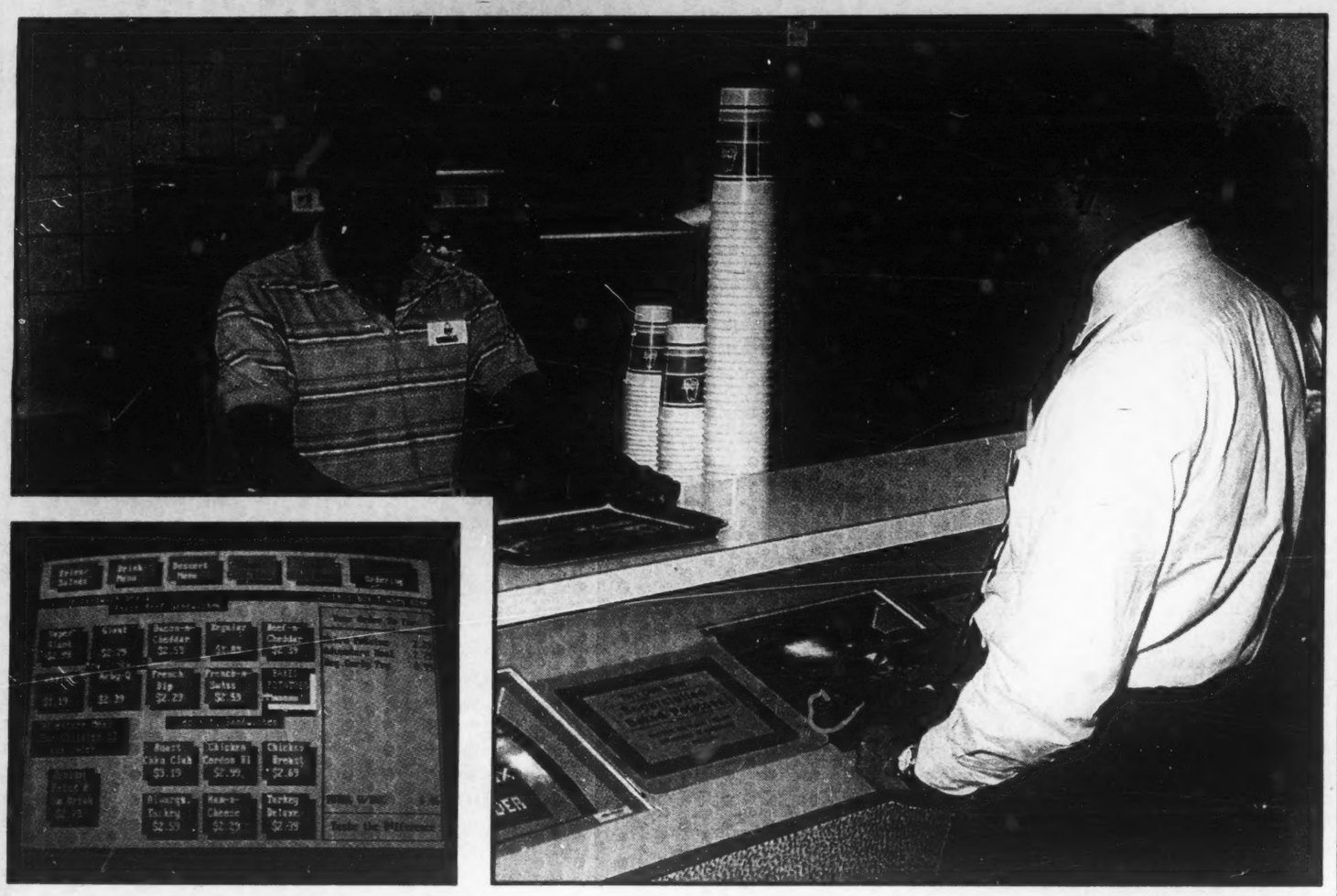
* 05115 ********** ALL FOR SDC
0013390C NR
MS JEANNE LONG OTHER PERSO
CONGRESSIONAL INFORMATION S
4520 EAST-WEST HIGHWAY
BETHESDA MD 20814

Nation's Restaurant News®

THE NEWSWEEKLY OF THE FOODSERVICE INDUSTRY

SECOND CLASS

Vol. 25. No. 10 | Published every Monday by Lebhar-Friedman Inc., $3 per issue | March 11, 1991



NRN Photo

Put your best finger forward . . .

Providing a possible glimpse of the future, some 40 fast-food outlets around the country have installed interactive, video touch-screen ordering systems. A customer lets his fingers do the talking at an Arby's restaurant in Century City, Calif. ***See story on page 7***

Chain council set for battle in Congress

Lobbying group braces for pending legislative onslaught

by Peter Romeo

WASHINGTON — Striving to become a more potent lobbying force, the National Council of Chain Restaurants recently drew together representatives of 37 foodservice chains to plot a common defense against an expected barrage of tax and labor legislation.

During a three-day summit here, the group discussed ways to fend off such potential threats as a proposed revision of tip-reporting laws, a rollback of the 100-percent tax deduction for advertising expenditures and efforts to limit the working hours of 16- and 17-year-olds.

Insights were added by a number of prominent politicians and regulatory experts who were called in to address the association, which was for-

(See NCCR, page 81)

NRN Photo

Taco Bell fights back against McDonald's 'Low Down' promo by hyping its 39-cent 'snack-size' tacos and burritos.

Value war escalates in Southern Calif.

Taco Bell, McD go head to head

by Richard Martin

LOS ANGELES — While an embattled Carl's Jr. chain sidesteps the "value-menu" minefield and regroups for a spring marketing offensive, Taco Bell has aggressively counterattacked McDonald's "Low Down" assault in the latest price-cutting salvo to shake the nation's largest fast-food war zone.

Attempting once again to outflank its two biggest foes in Southern California, the fast-advancing Taco Bell juggernaut has rolled out a three-item menu of 39-cent "snack-size" tacos and burritos here in a limited-time promotion.

Taco Bell's marketwide "Fiesta Tacos" maneuver adds to the chain's under-$1 menu arsenal and takes aim at the

(See VALUE WAR, page 4)

INSIDE

The opportunities of in-store feeding
Charles Bernstein/Page 29

A closer look at IFA's 31st confab
Page 134

Customer traffic blues spark COEX attendees to examine new cures

by Jack Hayes

ORLANDO — With unit traffic stricken by recession and oversaturation, the nation's chain foodservice operators are turning everywhere this year to find the one medicine that can bring their restaurants back to health:

A heavy dose of customers three times a day.

Gathered here at the 18th annual Chain Operators Exchange — COEX '91 — the leaders of multiunit restaurant operations from coast to coast prescribed marketing, menu, concept and attitude overhauls to cure the disease of missing patrons in 1991.

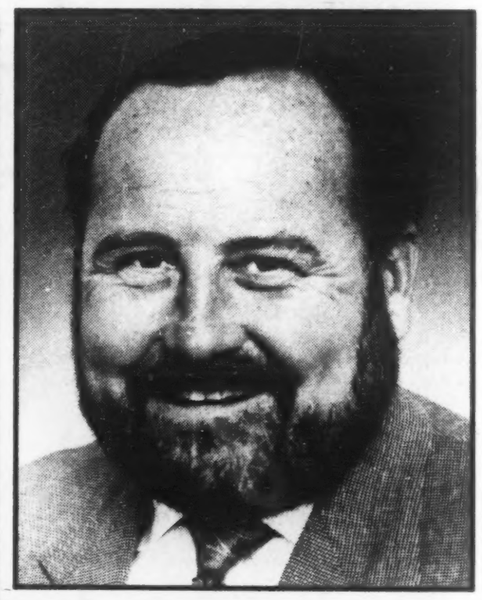
"You try all these ethereal things, but it always comes back to the old question: 'Did you make the customer happy today?'" challenged Tom Swartz, the president of 64-unit Jreck Subs, based in Watertown, N.Y.

COEX91 New Challenges New Strategies

One of 1,200 attendees at the operator-supplier conference — themed New Challenges-New Strategies — Swartz added, "You can't do anything without customers."

Even as COEX got under way, keynoter Michael Hurst, president of the National Restaurant Association, warned fellow operators they need to

(See COEX, page 37)



Gary Langstaff

Ad chief Langstaff exits BK

by Milford Prewitt

MIAMI — Burger King's high-profile marketing chief, Gary L. Langstaff, who was brought in two years ago to revive the No. 2 burger chain's lifeless marketing efforts, has resigned over differences in strategy.

Langstaff, creator of the chain's contentious advertising theme "Sometimes, you've got to break the rules," leaves one month shy of what would have been his second anniversary at

(See LANGSTAFF, page 80)

THIS WEEK

NEWS

7 Futurist Cetron lauds low-end growth chains
7 Fast feeders turn on video menu systems
18 Ecolab names Schuman worldwide ESG chief
18 Restaurant show in NJ to focus on '90s survival
18 McNeil appointed senior VP and GM at Häagen-Dazs
50 Execs blast government at IFA's 31st confab
56 Macleod named prexy of Quaker's Richardson Foods
56 Harron launches brokerage division

FOOD

11 Fabricant/Beard House: From cutting edge to over-the-edge
11 Food News Digest
11 What's Hot in Los Angeles

MARKETING

12 Thirsty's brings 'em back with Barter Bucks
12 Marketing Digest
12 Ad Watch

FINANCIAL

14 Marriott 4th-Q profits bruised by onetime charges
14 Food Price Outlook
14 Financial Digest
14 Fact File

COAST TO COAST

25 Riese group leads operators in Crusade Against Hunger
25 Hayes/The wait is over with call-ahead seating
25 Coast to Coast Briefs

SUPPLIER NEWS

48 IFMA lauds Rymer's Blumenthal
48 Clear Springs buys Coast Oyster Co.
48 Supplier Digest

OPINION

29 Bernstein/In-store feeding waits to be rediscovered
32 Total safety management pays off — literally!

COEX Wrap-Up

40 Industry pros converge at COEX '91
42 Operators mingle at COEX '91

OPERATIONS

56 Hochstein/Elegance, durability: The essentials of glassware
57 Patterson/Specifications: The key to effective buying

FEATURES

29 Letters
32 Side Dishes
58 On the Move: Restaurant People
67 Book Digest
78 Product Showcase
69-77 Foodservice Mart
80 Subject Index

NRN DIRECTORY

For complete directory, see **page 29.**

For your own subscription to Nation's Restaurant News, call toll-free 1 (800) 447-7133. For problems, call (212) 697-2165 or (212) 697-2166.

For other business, call (212) 371-9400 and extension:
285 Newsroom
404 Display advertising
492 Foodservice Mart

Subscription rate: Food Service operators, wholesalers/distributors and brokers/dealers, 1 yr. $34.50; 2 yrs. $55.00; Mfr, Arch, Consit, 1 yr. $59; Others Allied to Field, 1 yr. $89.

Nation's Restaurant News (ISSN 0028-0518) is published weekly, every Monday except the first Monday in July and the last Monday in December, by Lebhar-Friedman, Inc., 425 Park Ave., New York, N.Y. 10022. Second-class postage paid at New York, N.Y., and additional mailing offices. POSTMASTER: Send change of address to Subscription Department, Nation's Restaurant News, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079.

For change of address, please write Subscription Dept., Nation's Restaurant News, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079.

Six weeks' notice is requested. Please send old and new address and zip codes. If possible, include label.

PERMISSIONS: All materials in this publication are copyrighted and may not be reproduced in any form without written permission. Requests for permission should be directed to James C. Doherty, publisher.

Vol. 25, No. 10 March 11, 1991

NEWS BRIEFS

Cracker Barrel reverses policy on gay hiring

LEBANON, Tenn. — Under attack from gay activists, Cracker Barrel Old Country Store Inc. said it has dropped its policy against employing homosexuals in its 100 restaurants throughout the Southeast.

Despite the company's sudden policy reversal, gay rights groups claim that Cracker Barrel continues to pursue its homophobic practices. Atlanta-based Queer Nation recently picketed a Cracker Barrel store that had been the site of homosexual firings. And the Tennessee Gay & Lesbian Alliance staged a Cracker Barrel demonstration in Nashville the same day.

"They haven't made restitution," said Robert Bray, a spokesperson for the National Gay & Lesbian Task Force based in Washington, D.C. Bray said his group and others want a written policy from Cracker Barrel, expressing a clear promise to no longer discriminate against homosexuals.

Cracker Barrel chairman Dan Evins, now the company's sole spokesman on the issue, was not available for comment.

Stevens quits as prexy of Morris' Gladstone's firm

LOS ANGELES — Richard S. Stevens, who teamed with restaurateur Robert J. Morris in last year's $13.5 million repurchase of Morris' landmark Gladstone's 4 Fish and R.J.'s The Rib Joint concepts from Restaurant Enterprises Group, has resigned as president of the partners' California Beach Restaurants holding company.

Stevens, the former president of Wrather Corp.'s Disneyland Hotel, Queen Mary and Spruce Goose division and vice president of the 1984 Olympics, left California Beach "to pursue other business interests," the company said in a statement. He will remain a director of the firm, in which he holds a 14.1-percent stake, equal to Morris' share, according to the company's 1990 report.

Although the $13 million-a-year Gladstone's here ranks as California's top-grossing restaurant, the highly leveraged California Beach firm reported a $94,703 restaurant-operating loss on sales of $10.2 million for the six months ended Oct. 31.

NY court rejects liability case against bar exec

ALBANY, N.Y. — A state court of appeals here has ruled that an executive of a Bronx bar could not be held responsible for activities that took place while he was off the premises.

The case was brought by the Bronx district attorney's office against James Byrne, an officer of Mannion's Bar, in 1985 after several young people served at the bar were later involved in a fatal auto accident.

The district attorney alleged that Byrne should be held responsible even though he was not at the establishment while the youths were drinking.

The appeals court rejected the district attorney's assertion, setting a legal precedent, according to the United Restaurant, Hotel, Tavern Association, a trade association that argued on Byrne's behalf.

Grand Met sells more U.K. units, promotes Martin

LONDON — Grand Metropolitan PLC, parent of Miami-based Burger King, said it is accelerating plans to sell its restaurants in England and focus on the international operations of Burger King and such sister subsidiaries as the Pearl Vision eyewear chain.

Toward that end, the company recently sold its 101 Pizzaland units and 35 Pastificio outlets to BrightReasons Ltd., a company founded by four former executives of Mecca Leisure Group PLC, operator of Hard Rock Cafes. Terms were not disclosed.

Meanwhile, Burger King chairman Ian Martin has been promoted to the additional post of deputy group chief executive of Grand Met. Next year Martin will return to Grand Met's London headquarters as chief operating officer, the company indicated.

In the meantime, Martin will also remain chief executive of Grand Met's Food Sector, the U.S. operation that oversees Burger King and Pillsbury.

Toscana closes in Big Apple

NEW YORK — Toscana, the high-end Northern Italian restaurant owned by the Bitici family, has closed.

The family intends to reopen the operation later this year under a new name and with a more casual concept. Co-owner Sergio Bitici said the new restaurant would target "a wider group. We'll keep the quality standards, but the prices will be notably lower." The premises will also be renovated, he said.

Bitici said business had been suffering at the stylish 4-year-old restaurant. "We were never successful in attracting the people in the neighborhood," he explained.

The Bitici family continues to operate the Minetta Tavern, Chelsea Trattoria, Grand Ticino and Gran Caffe Bitici.

Monaghan resumes operations role at Domino's

ANN ARBOR, Mich. — Scrapping his unsuccessful year-and-one-half-long effort to sell the company he founded, Domino's chairman, Tom Monaghan, said he would resume daily involvement in operations.

Monaghan stepped away from operations in September 1989 to concentrate on selling the nation's second-largest pizza chain and devote more time to personal interests. Monaghan, who blamed the lack of interest on the recession, said just two bids came in, and both were too low.

David Black, who has been running the company in Monaghan's absence, will continue in his post as Domino's president.

El Torito names executive VP

IRVINE, Calif. — El Torito Restaurants Inc. has named East Coast regional manager Russ Bendel to succeed Michael Hislop as executive vice president of operations for the 174-unit Mexican dinner-house chain, president Mike Casey said.

"His primary strength is as an operator: He spends a lot of time on the road, a lot of time in the restaurants, and he identifies well with the restaurant managers," Casey said of the 36-year-old Bendel.

Bendel, a former Casa Maria staffer who joined El Torito in 1985, when it acquired Casa Maria from Host International, is a Florida International University graduate. He assumes his new position April 1, when Hislop moves to the chief executive officer's position at San Francisco-based Chevys Mexican Restaurants.

Marriott sells 43 restaurants

WASHINGTON — As part of its continuing effort to divest its family restaurant holdings in order to concentrate on lodging and contract services, Marriott Corp. has signed an agreement to sell 43 units to the Elxsi Corp., a Greenwich, Conn.-based concern with no previous foodservice holdings.

Terms of the deal were not disclosed.

The restaurants, all located in the New England area, were operating as Bickford's and Howard Johnson's.

In two previous deals this year, Marriott divested a total of 165 restaurants.

Dunkin' develops 'healthy' doughnut

RANDOLPH, Mass. — Dunkin' Donuts is expanding its marketing efforts toward the nutrition-conscious consumer with the launch of a cholesterol-free doughnut line.

The 2,200-unit snack chain based here said it has developed a batter recipe that eschews the use of egg yolks, thereby eliminating dietary cholesterol and about 90 percent of the saturated-fat content.

A Dunkin' representative said it was able to use the health-oriented recipe in all but four of the chain's 52 doughnut varieties.

Although the reduced-fat doughnuts are currently being offered in scattered franchises, the official rollout will begin gradually over the next several weeks.

Several years ago Dunkin' Donuts waded into the nutrition market with the introduction of an oat-bran muffin.

FINANCIAL NEWS

Marriott 4th-quarter profits bruised by onetime charges

by Bill Carlino

WASHINGTON — A $54 million fourth-quarter loss cut Marriott Corp.'s profits for the year ended Dec. 28 to $47 million, a 277-percent decline from the prior-year figure.

Attributing the profit decline to onetime charges totaling $97 million, Marriott said its revenues for the year rose 1.5 percent, to $7.6 billion.

The aftertax write-offs stem from Marriott's restructuring plan and its decision to suspend development of full-service hotels and resorts. During fiscal 1990, the hospitality giant dismantled its restaurant holdings to concentrate on contract feeding and limited-service lodging concepts.

About $1 billion was raised through the sale of hotel and restaurant assets during 1990, including $365 million from the sale of the Roy Rogers chain to North Carolina-based Hardee's.

The company's annual results were also shaved by severance and separation outlays for about 1,000 corporate management personnel, who were laid off from Marriott's restaurant, construction and development divisions.

"We are confident that the actions we have taken in the recent months provide sufficient financial flexibility to weather these uncertainties," said bill Marriott, Marriott chairman. "The moves enhance our cash flow and provide added assurance that we will have adequate capital available to complete already planned projects and construction in progress."

Although Marriott's capital spending could slide to $275 million to $300 million in 1992, analysts said the write-downs and austerity measures may eventually be the winch needed to pull the company from its current financial shoals.

"They're in an environment where further asset sales are likely," said Mike Mueller, an analyst with Montgomery Securities in San Francisco. "Their debt level will most likely peak during the first or second quarter, but then they can begin to pare it down.

Currently Marriott is saddled with a debt load of about $3.5 billion.

"All the write-offs it's taken may be the pause its balance sheet needs to recover," said Daniel Lee, who tracks the food-service industry for First Boston Corp. "These charges are obviously exclusive of its ability to operate. It still has quality people running the hotels or the contract accounts."

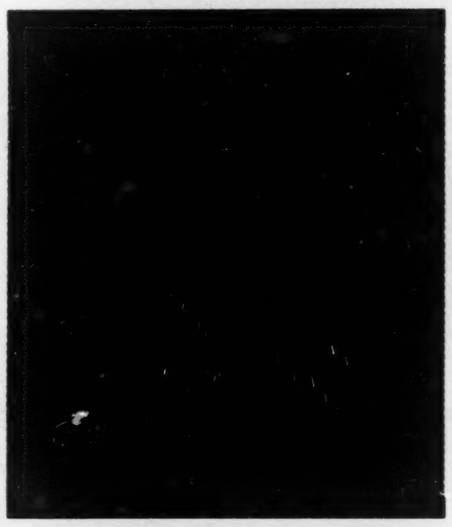
Marriott reported 9-percent and 19-percent sales gains in its lodging and contract services divisions, respectively.

Lodging accounts for about 55 percent of company sales while the non-commercial feeding arm accounts for about 50 percent of gross income.

In a more detailed recap of the $97 million in write-off charges, a Marriott spokesman said that sum included losses of $17 million in delayed new hotel start-ups, $9 million for a series of client billing corrections in its Food & Services Management Division and a 5-percent increase in interest income expense.

About $88 million was written off in the fourth quarter. Sales for the period were $2.5 billion, little changed from the figure for the year-ago quarter.

Marriott's capital-spending budget has been slashed to less than $500 million for 1991, a dip of more than 50 percent from its $1.3 billion figure in 1989. However, that number includes $75 million in capitalized interest, interest that accrued during new property construction and subsequently was plowed back into the company.



Last month Marriott struck two separate agreements to sell a total of 165 of its family restaurants, which operate under various names like Wag's, Allie's and Big Boy. The company is still scouring for buyers for its 280 remaining family restaurants.

The company's annual results also were shaved by severance and separation outlays for about 1,000 corporate management personnel, who were laid off by Marriott.

FOOD PRICE OUTLOOK

Many California crops in jeopardy

by Patt Patterson

The California drought is still a major concern for that state's canners and freezers as well as for fresh produce growers. At presstime, Gov. Pete Wilson was said to be considering declaring a statewide emergency on the heels of severe cutbacks in water allocations to agriculture by both state and federal water projects.

The picture is mixed, however. Most Northern California cling peach growers say they will have adequate water available from wells where aqueduct water isn't sufficient. Lettuce growers in the central coast area say they, too, will have at least 80 percent of their normal water available, again from wells.

In the southern San Joaquin Valley, many farmers say they will be just about go out of business, since much of the underground water there is not suitable for irrigation because of high concentration of salts.

Poultry prices are below last year's. Producers still increase production, although not so rapidly as they did a few months ago.

Lamb and mutton supplies are slowly growing. Production is up more than 5 percent, while consumption is up only about 3.3 percent. However, imports fell off sharply last year and have only recently been increasing.

Artichokes will be in strong supply from mid-March through May. The Christmas freeze didn't kill many plants, and they are now laden with chokes.

Iceberg lettuce prices are moving up at presstime. Stronger demand and lowered production have pushed up prices. Leaf lettuce prices are trending downward on weaker demand and strong supplies.

Watch out for a probable gap in broccoli supplies in mid-March. It is delayed action from the freeze on the central coast. The desert crop will be over, so there'll be no relief from that region. Prices should surge.

Cauliflower will be in better supply, but expect higher prices in mid-March to mid-April.

FACT FILE

Sales growth of selected types of franchises, 1989-91

Type	Sales (in billions) 1989	1990	1991	% change '90 vs. '91
Restaurants	$ 70.1	$ 77.8	$ 85.4	9.8%
Hotels, motels	21.6	23.8	25.9	8.8
Convenience stores	14.3	14.3	14.9	4.2
Nonfood retailing	26.7	29.2	31.3	7.2
Tax preparation	0.6	0.7	0.7	6.0
Automotive products and services	12.5	13.8	15.4	11.6
Total, format-type systems	192.9	213.8	232.9	9.0

Source: International Franchise Association, *Franchising in the Economy 1989-91*

FINANCIAL DIGEST

Wendy's posts 29% profit gain for 1990

DUBLIN, Ohio — Wendy's said improved restaurant operations and increases in units' profit margins pushed annual profits for 1990 to $39.3 million, a 29-percent gain, despite a 5-percent drop in revenues, to $922.1 million.

For the fourth quarter ended Dec. 30, net income rose 35 percent, to $7.8 million, while revenues fell 4 percent, to $249.5 million.

The drop in quarterly and annual sales occurred despite a 3-percent gain in the average intake of company units for the quarter and a 6-percent gain for the year.

Unit margins rose to an average of 12.5 percent as a result of discontinued promotions, lower food costs and improved cost controls, Wendy's said.

In addition, the company's administrative and restaurant operating costs for the year fell 9 percent, to $336.9 million.

Systemwide sales grew 3 percent during the quarter, to $761 million, but flattened for the year, with just a 1-percent increase, to $3 billion.

Wendy's ended the year with a 3,727-unit chain — 28 fewer than a year earlier. Franchisees operate 2,657 units.

Restaurant stocks rebounding

NEW YORK — Restaurant stocks are on the rebound as investors flock to the issues, encouraged by expectations of a successful conclusion to the Persian Gulf war and government indications that the recession may be short-lived.

The NRN Stock Index, a market-weighted barometer of 67 restaurant securities, the broadest industry-specific gauge available, has recovered nearly all of the ground it lost in the weeks following Iraq's occupation of Kuwait in August.

After plummeting to a near record low of 176.22 during the week of Oct. 1, the NRN index rose last week by 56.5 points, to 232.72, a 32-percent gain.

That benchmark is just 12 points shy of the historic high of 244.65, which was hit during the last week of July.

The NRN stock index's comeback is stronger than the rally under way on some of the major stock exchanges. The Dow Jones Industrial Average, for example, is up just 18 percent since bottoming out in early October.

Among specific restaurant issues whose share price has appreciated the strongest since October are Sbarro's, up 69 percent, to a recent closing price of $43.13; Cracker Barrel, up 83 percent, to $36.25 per share; Frisch's Restaurants, up 112 percent to $20.63; ShowBiz Pizza Time, up 48 percent to $35; and Collins Foods, up 31 percent, to $20.75.

Good Times' 1st-Q losses narrow

BOULDER, Colo. — Good Times Restaurants, a three-unit drive-thru hamburger company that recently went public, reported a loss of $77,500 for the first quarter ended Dec. 31, compared with one of $111,400 for the year-ago period.

Revenues rose 32 percent, to $451,400. Good Times attributed the gain in revenues to higher per-unit volumes.

The company is looking to open four more company units this year as well as to stake out franchise territories in the Western states.

Little Caesar's foresees 21% rise in sales

DETROIT — Little Caesar's Pizza, the privately owned takeout pizza chain that ranks No. 3 in the segment, projects that systemwide sales this year will increase 21 percent, to $1.7 billion.

Little Caesar's is predicting that sales for the entire pizza segment will grow by 5 percent.

At the same time, the company says it will add another 650 units to the chain this year, for a total of 3,823 units by the end of the year.

Last year systemwide sales reached $1.4 billion on 3,173 units.